Economic sanctions on North Korea

Why in news?

Recently following new UN sanctions, China announced that it will halt iron, iron ore and seafood imports from North Korea.

What is the reason for economic sanctions on North Korea?

- It successfully tested the Hwasong - 14 ICBM.
- After the second test, it appears that the missile could travel up to 10,000 km.
- It is enough to hit the US mainland, and possibly even cities like Chicago, New York, or Washington, DC.
- This move is to punish the regime for developing such ballistic missiles.

What does this economic sanctions include?

- **Exports** - The tough new sanctions would prohibit export of North Korean coal, iron, iron ore, lead, lead ore, and seafood.
- These industries account for about a third of all of North Korean exports.
- **Investments** - It sets new limits on North Korea’s Foreign Trade Bank by
banning new joint ventures between North Korea and foreign companies.

- It prohibits new foreign investments in North Korean ventures, and caps the number of workers the country can send abroad.

What is the trade relationship of China with N. Korea?

- China accounts for 90% of North Korea’s trade.
- China imported $74.4 million worth of iron ore in the first five months of this year, almost equalling the figure for all of 2016.
- Fish and seafood imports totalled $46.7 million in June 2017.
- Beijing had already announced a suspension of coal imports in February.

What is the significance of China’s move?

- USA has been pressuring Beijing to take a harder stance against North Korea.
- China voted for the measure in UN, after repeated accusation from US that China is not doing enough to harness in its neighbour.
- Given that China is North Korea's largest trading partner, this move is expected to be effective.

What are the issues with this sanction?

- It’s unclear whether it will curtail the nation’s weapons program.
• Past sanctions have not discouraged the regime in its quest to develop nuclear weapons.

• The sanctions would punish North Korean leaders in particular.

• It’s unclear how the sanctions will impact ordinary citizens.

• It is doubtful whether China will keep its commitments for maintaining the sanctions.


Source: The Hindu